



City of Seattle Proposition No. 1

PROPOSITION NO. 1 (Low-Income Housing Levy)

The City of Seattle's Proposition 1 concerns a low-income housing levy proposed by Ordinance 120823.

This proposition would authorize property taxes for affordable housing programs for low-income households. It would lift the RCW 84.55 limit on regular property taxes, allowing \$86,000,000 in additional taxes over seven years, beginning in 2003 and limited to \$12,285,714 annually (approximately \$0.17/\$1,000 assessed value). This would include up to \$8,580,992 annually (approximately \$0.12/\$1,000 assessed value) under RCW 84.52.105 to finance housing for very low-income households. The 2003 total City regular tax limit would not exceed \$3.72/\$1,000 assessed value.

Should the levy of these taxes for housing be authorized?

Levy, Yes ☐
Levy, No ☐

Statement For

Let's Renew Our Commitment to Affordable Housing

It is important that people of all income levels are able to live and work in Seattle.

Since 1995, the Seattle Housing levy has helped thousands of families find safe, affordable places to live. Over 1800 low-income rental units have been restored or constructed, and the Levy has provided emergency housing assistance to those most in need. In addition, hundreds of fixed-income seniors have received home repair assistance—helping keep older Seattle residents in their homes.

This commitment to affordable housing helps make our city great, and keeps our neighborhoods strong.

On September 17, Vote Yes For Homes

A vote to renew the Housing Levy will build on our success, and renew our commitment to affordable housing in Seattle. Your "Yes" vote means:

- * 2000 ADDITIONAL RENTAL UNITS affordable to low-income people;
- * SAFE HAVENS for domestic violence victims;
- * Housing for ELDERLY AND DISABLED PERSONS;
- * HOMEOWNERSHIP ASSISTANCE that gives hard-working low income families access to the American Dream
- * Transitional housing for HOMELESS PEOPLE, including services like job training and childcare they need to get back on their feet

The Housing Levy Works-for All of Us

* Changes Lives: When we have an

City Attorney's Explanatory Statement:

1. The Proposal This proposition asks Seattle voters to authorize additional regular property taxes for seven years to provide up to \$86,000,000 for low-income housing assistance programs. The anticipated programs include: production and preservation of rental units, an operating and maintenance program for rental housing, assistance to home buyers, and a rental assistance program.

Ordinance 120823 authorized the proposition and adopted an Affordable Housing Financing Plan ("Plan") describing the intended programs. The programs and dollar allocations could be modified by the City Council and Mayor within certain limits specified in State law.

2. The Law as it Now Exists Seattle's regular property taxes are generally limited to the product of a "limit factor" multiplied by the highest amount that was levied in the past three years, plus an amount to account for the value of new construction, improvements to property, and any increase in the assessed value of State-assessed property in the City. This limit, called the "levy lid," may be lifted with the approval of a majority of the voters who vote on the proposition. The proposition may specify a particular purpose, or a limited time, or both. Independent of the levy lid, State law generally limits city regular property taxes to \$3.60 per \$1,000 of assessed value. "Excess" levies requiring a 60% vote do not count against that limit or the levy lid. Certain other voter-approved taxes, including those to finance affordable housing under RCW 84.52.105 or to fund emergency medical services, also are exempt from the \$3.60 limit. Housing financed with taxes exempt from the

affordable place to call home, it is easier to get a job, focus on education, and move forward in life.

* Strengthens our Neighborhoods:

Housing Levy investments are making safer, more attractive neighborhoods throughout Seattle.

* A Great Investment: For every dollar raised by the levy, an additional \$3 are secured from banks, foundations, and other funding sources.

Seattle Agrees: Renew the Housing Levy

The Housing Levy is supported by (partial list): Mayor Greg Nickels; former Mayors Norm Rice, Paul Schell, and Charlie Royer; City Council members McIver, Conlin, Steinbreuck Wills, Licata, Drago, Compton, and Pageler; Downtown Seattle Association; Belltown Community Council; Fremont Public Association; Senior Services; Historic Seattle; King County Labor Council; King County Coalition Against Domestic Violence; Low Income Housing Institute; Rainier Chamber of Commerce; Seattle Tenants Union; Seattle-King County Coalition for the Homeless; SouthEast Effective Development; Uwajimaya, Inc.; Washington Mutual; Key Bank; Bank of America

VOTE YES FOR HOMES SEPT 17

Rental costs in Seattle have increased 37% in the past 7 years, and housing prices have skyrocketed 67%. It is critically important that we renew our commitment to affordable housing in Seattle.

Join us, and you neighbors, by voting Yes for Homes!

- Norm Rice, Former Mayor

- Vivian McLean, Neighborhood Activist

-Steve Williamson, Executive Secretary, King County Labor Council, AFL-CIO

Rebuttal of Statement Against

We are voting to renew an existing levy—not a new tax.

Seattle taxpayers have made it clear on three occasions: We want to be a city for all people, of all income levels. This year we are voting to RENEW the 1995 Housing Levy.

The levy renewal is adjusted for inflation. This means that the average homeowner will pay an additional \$15/ year for a program that assists thousands of low income Seattle families, victims of domestic violence, as well as seniors and the disabled. This is not a 45% tax increase.

Funds raised by the levy leverage additional resources—creating partnerships that allow non-profit developers to build and maintain affordable housing for people the private market will not serve.

Neighborhood leaders support the levy because it improves and preserves our communities with well-designed housing financed through an open, competitive process. See www.yesforhomes.com for a complete list of supporters.

Statements Prepared by:

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\$3.60 limit must serve “very low-income” households, defined as those with incomes at or below 50% of the median income, as determined by the United States Department of Housing and Urban Development, with adjustments for household size, for the county. State law provides that a city may make loans and grants of general city funds to owners or developers of housing for persons or families with incomes at or below 80% of median income for the standard metropolitan statistical area in which the city is located. State law generally requires the City to act in conformity with its Comprehensive Plan adopted under the Growth Management Act. The City’s current Comprehensive Plan provides generally that affordable housing funds shall be used to serve households with incomes up to 80% of median income. The Comprehensive Plan, subject to certain exceptions, directs rental housing capital funds to housing affordable to households with incomes at or below 50% of median income, with at least half of such rental housing funds directed to housing affordable to households with incomes at or below 30% of median income. It provides for using a portion of housing subsidy resources for home ownership opportunities for households with incomes below 80% of median income. The Comprehensive Plan can be amended by the City Council annually.

3. Effect of This Measure, if Approved If Proposition 1 were approved, then for seven years Seattle could levy up to \$12,285,714 per year in property taxes above what would otherwise be allowed by the levy lid. Of the \$12,285,714 authorized each year, any amount up to \$8,580,992 could be imposed under RCW 84.52.105 and therefore exempt from the \$3.60 limit. As a result of this proposition, the maximum rate for City regular property taxes that could be levied for collection in 2003 would be the rate needed to collect the amount of the levy lid plus the \$12,285,714 for housing, but not more than \$3.72 per \$1,000 of assessed value. The amount that this proposition would authorize per \$1,000 of assessed value, and the total maximum rate, would vary with changes in the assessed value of all taxable property in the City. The City would be permitted, subject to legal limits, to issue bonds and notes payable wholly or in part from the taxes authorized by Proposition 1, and to use such taxes to pay debt service on the bonds and notes.

After Proposition 1 expires, City regular property taxes would be limited by the levy lid calculated as though Proposition 1 had not been approved, and by the \$3.60 per thousand limit.

Statement Against

Does anyone still believe that another tax increase will improve Seattle’s housing crisis? This levy is more than 45% higher than the 1995 increase (annual inflation is close to 2%). No other major city raises property taxes in the name of affordable housing, and few other cities have experienced such explosive increases in housing costs since these excess levies began in the 1980’s. Doubling a failed strategy is a failure of imagination, at best.

The banks, builders, bureaucrats, bond lawyers and the others who will actually receive the money we’ll pay are funding the “yes” campaign. 62% of its contributions comes from downtown, and 14% from “out of Seattle”.

Lately — belatedly — Seattle has improved the accountability of its voter-approved property tax increases. Recent Parks and Library propositions specified the projects to be funded, and provided meaningful citizen oversight to assure that any changes reflect the will of the voters. This one is a step backwards — no specific project is named in the ordinance at all. Did anyone in Holly Park, for example, know what the previous tax increase would be used for? What promises have been made to campaign contributors?

Section 11 creates an “oversight committee”, but it explicitly allows conflicts of interest, so the corporations which will actually get this money and their agents can dominate it. That alone should inspire your NO vote. Because of recent scandals, auditors and analysts who provide oversight of major corporations will soon be subject to new

restrictions on conflicts of interest to protect investors and employees. Taxpayers deserve at least as much.

More than two-thirds of America’s households are owner-occupied, and the rate is rising. But in Seattle the rate is less than half — and falling. Soaring property taxes make it harder to afford a home, and increase costs to struggling businesses. A recession is not the time to burden people with a 45% tax increase.

Will a NO vote end all the housing programs of Seattle? Will the 55 employees of the “Office of Housing” be laid off? Of course not — the City Council will submit another proposition for November. Hopefully it will include an increase more in line with inflation, enhanced accountability, and meaningful protections against conflicts of interest.

Otherwise it will just be more of the same. 45% more!

Rebuttal of Statement For

This vote would impose a tax of \$86,000,000, which is 45.24% more than the current \$59,211,000 levy. Only in the land of Enron can such a whopping increase be called “renew”, the word proponents use four times. Raising property taxes this much contributes to the problem of expensive housing, which proponents say they want to solve.

Many of the housing units paid for by previous levies replaced units destroyed using these funds. There is no safeguard in the proposal to prevent demolition of existing low-income homes using condemnation powers; we aren’t told what was or will be the *net* increase. An accountable program would tout only net increases, and a *real* oversight committee would strive to avoid destroying some units to “produce” others.

Vote NO — tell the City Council to let us approve a responsible, manageable, accountable program in November

Statements prepared by:

Kirk W. Robbins, Vice-Chair
Log Cabin Republicans of Washington
and Neighborhood Activist
(206) 284-1742



COMPLETE TEXT OF Proposition No. 1

AN ORDINANCE relating to low-income housing, calling for a special election for the purpose of submitting to the voters of Seattle a proposition authorizing additional regular property taxes for low-income housing, including assistance for home ownership and emergency housing payment assistance; declaring an emergency with respect to the availability of affordable housing for very low-income households; adopting a housing financing plan; providing for interim financing pending tax receipts; creating a levy Oversight Committee; providing for the annual levy and collection of taxes; ratifying and confirming prior acts; and providing for effective dates.

WHEREAS, the housing levy authorized in Ordinance 117711 and approved by the voters in 1995 (the "1995 Levy") expires with the collection of 2002 property taxes; and

WHEREAS, the \$59,211,000 1995 Levy has a production goal of 1,360 units, and, to date, the City has approved 1995 Levy funding for the production or preservation of 1,623 rental units and assisted 249 homeowners, by leveraging other public and private funds for low-income housing; and

WHEREAS, the \$49,975,000 housing levy authorized in Ordinance 112904 and approved by the voters in 1986 (the "1986 Levy") had a production goal of 1,000 units, and over 1,300 units were actually produced or preserved by leveraging other funds; and

WHEREAS, the \$48,178,000 low-income elderly and handicapped housing bond issue authorized in Ordinance 110124 and approved by the voters in 1981 had a production goal of 1,000 units, and 1,198 units were actually produced or preserved; and

WHEREAS, substantial need remains for additional low-income housing and assistance to help low-income persons remain in their homes; and

WHEREAS, RCW 84.52.105 allows a city, when authorized by a majority of the voters, to levy additional regular property taxes that are not subject to the statutory limit on the dollar rate of city regular property taxes under RCW 84.52.043, for the purpose of financing affordable housing for very low-income households; and

WHEREAS, RCW Chapter 84.55 generally limits the dollar amount of regular property taxes that a city may levy in any year, but RCW 84.55.050 allows a city to levy taxes exceeding such limit by majority approval of the voters, and allows a city to include in the ballot proposition a limit on the purpose for which the additional taxes levied will be used and to provide for the expiration of the additional taxing authority; and

WHEREAS, by Resolution 30418, the City Council approved entry of a court order relating to the proposed Initiative 71 and litigation involving that proposed initiative, and stated the Council's intent to include in the 2002 Housing Levy certain funds for transitional and permanent housing for homeless individuals; and

WHEREAS, RCW 35.21.685 authorizes a city to make grants or loans to owners and developers for the acquisition, construction, or rehabilitation of low-income housing; NOW THEREFORE, BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Findings. The City Council hereby makes the following findings and declares as follows:

A. The City of Seattle has insufficient safe, sanitary, and decent housing affordable to low-income households to meet the present and anticipated needs of such households, as documented in the Housing Appendix to the Comprehensive Plan and the City's 2001-2004 Consolidated Plan.

B. Substantial portions of the City's existing supply of low-income housing are at risk due to expiring federal "Section 8" subsidy contracts, expiring tax credit restrictions, and insufficient operating subsidies and reserves for major maintenance and replacement.

C. Affordable housing for households with incomes below 30% of median income and for persons with special needs often cannot be successfully developed or preserved without a commitment of funds for operating and maintenance costs not covered by rental income.

D. Promoting and preserving home ownership for low-income households contributes to the stability of families and neighborhoods; helps preserve the physical condition of residential properties; and addresses the shortage of safe, sanitary, affordable housing both by maintaining and enhancing the supply of owner-occupied housing and by limiting the demand for scarce low-income rental housing that otherwise would exist from households unable to afford to purchase homes or to maintain existing homes. Giving priority for home buyer assistance to City residents will cause home purchases to result in more available rental housing in the City and improve overall rental housing affordability. Giving priority to those who have employment in Seattle will tend to reduce commute trips and the related traffic and environmental effects caused when workers must stay outside the City, or move from the City, to find affordable homes.

E. The additional taxes to be levied under this ordinance will enable the City to provide for the housing needs of very low- and low-income households and thereby to fulfill the purposes of federal, State, County and City laws and policies, including without limitation the federal HOME Investment Partnerships Act, the State Growth Management Act ("GMA"), the Countywide Policies adopted under GMA, and the City's Comprehensive Plan.

F. An emergency exists with respect to the availability of housing that is affordable to very low-income households in the City of Seattle.

Section 2. Definitions. The following terms used in this ordinance shall have the definitions stated below unless the context otherwise clearly requires:

"Low-income housing" means housing that will serve "low-income households."

"Household" means a single person, family or unrelated persons living together.

"Low-income household" means a household with income less than or equal to eighty percent (80%) of median family income, as published from time to time by the United States Department of Housing and Urban Development (or any successor agency), with adjustments for household size, for King County, Washington.

"Very low-income housing" means housing that will serve "very low-income households."

"Very low-income household" means a household with income less than or equal to 50% of median income, as determined from time to time by the United States Department of Housing and Urban Development (or any successor agency), with adjustments for household size, for King County, Washington.

To the extent permitted by applicable State law, income limit determinations for purposes of any of the foregoing definitions may be based on "median family income" for a federally defined area that includes King County or a portion thereof including Seattle, and may take into account such exclusions, adjustments and rules of computation as may be prescribed or used under federal housing laws, regulations or policies for purposes of establishing income limits, or as may be established in City planning documents consistent with federal laws, regulations or policies.

Section 3. Affordable Housing Financing Plan. The City Council hereby adopts the Affordable Housing Financing Plan (referred to below, as it may be amended from time to time, as the "Financing Plan") attached to this ordinance as Exhibit A to serve as the plan for the expenditure of all funds raised pursuant to this ordinance. The City Council reserves the right to amend the Financing Plan as it may determine is necessary or appropriate, subject to the limitations of Section 5 of this ordinance and consistent with applicable law. The City Council determines that the Financing Plan is consistent with the City's Comprehensive Housing Affordability Strategy required by the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. Section 12701 et seq., which is now included in the City's Consolidated Plan pursuant to federal regulations.

Section 4. Proposition to Authorize Levy of Additional Regular Property Taxes.

A. To finance affordable housing for low-income households, and otherwise to provide for the housing needs of low-income households, the City hereby submits to the qualified electors of the City a proposition as authorized by RCW 84.52.105 and RCW 84.55.050, and upon its approval by the qualified electors the City shall be authorized to impose additional regular property tax levies totaling EIGHTY-SIX MILLION DOLLARS (\$86,000,000), of which up to TWELVE MILLION TWO HUNDRED EIGHTY-FIVE THOUSAND SEVEN HUNDRED FOURTEEN DOLLARS (\$12,285,714) may be levied each year for up to seven (7) consecutive years. Pursuant to RCW 84.55.050(c), the increased levy to be authorized by this proposition is for the limited purpose of providing the total dollar amount stated above for use consistent with this ordinance, by collecting annually an amount of regular property taxes, in addition to the total regular property taxes that the City could have levied consistent with RCW Ch. 84.55 without voter approval of this proposition, limited to the annual amount stated above. The additional taxing authority, a dollar rate in the first year of approximately \$0.17 per thousand dollars of assessed valuation, shall commence with property taxes levied in 2002 for collection in 2003 and shall continue through and including the property taxes levied in 2008 for collection in 2009.

B. If the voters approve the proposition submitted by this ordinance the maximum total dollar rate for City of Seattle regular property taxes to be collected in 2003 shall be increased to a total maximum of \$3.72 per thousand dollars of assessed valuation, provided that the actual dollar rate for collection in 2003 authorized by this proposition shall not exceed the rate necessary in order to implement for that year the limited purpose stated in subsection 4A of this ordinance.

Section 5. Very Low-Income Housing Levies under RCW 84.52.105

A. Of the total dollar amount of additional taxes authorized to be imposed pursuant to Section 4 above, a total amount up to SIXTY MILLION SIXTY-SIX THOUSAND NINE HUNDRED FORTY-FOUR DOLLARS (\$60,066,944), consisting of up to EIGHT MILLION FIVE HUNDRED EIGHTY THOUSAND NINE HUNDRED NINETY-TWO DOLLARS (\$8,580,992) per year, may be imposed pursuant to RCW 84.52.105. All taxes imposed pursuant to RCW 84.52.105 shall be dedicated to financing affordable housing for very low-income households and shall not be subject to the dollar rate limitations on regular property taxes in RCW 84.52.043.

The maximum annual amount of taxes to be authorized pursuant to this ordinance to be imposed under RCW 84.52.105 is estimated to be equivalent to not more than \$0.12 per thousand dollars of assessed valuation.

B. The City Council may determine, in making any one or more annual levies of taxes, how much (as a dollar amount or a rate) of the additional taxes authorized by voters pursuant to Section 4 of this ordinance shall be imposed pursuant to RCW 84.52.105, up to the maximum allowed in subsection 5A of this ordinance.

Section 6. 2002 Levy Subfunds.

A. All revenues from the additional taxes imposed under the authority of RCW 84.52.105 for financing affordable housing for very low-income households shall be placed initially in a new subfund of the Low-Income Housing Fund to be known as the "2002 Levy Very Low-Income Housing Subfund."

B. Unless otherwise directed by ordinance, all revenues collected from the additional taxes authorized pursuant to this ordinance that are not imposed under the authority of RCW 84.52.105 shall be deposited initially in a new subfund of the Low-Income Housing Fund to be known as the "2002 Levy Multipurpose Subfund." Money in that subfund shall be used to finance housing for low-income households and otherwise to provide for the housing needs of such households.

C. There shall be a new subfund of the Low-Income Housing Fund known as the "2002 Levy Operating and Maintenance Subfund." Money in that subfund is intended to be used for the Operating and Maintenance Subsidy program described in the Financing Plan. The City Council shall direct the transfer of monies from the 2002 Levy Very Low-Income Housing Subfund or the 2002 Levy Multipurpose Subfund, or both, to the 2002 Levy Operating and Maintenance Subfund at such times and in such amounts as it determines to be appropriate in order to implement the intent of the Financing Plan. Any revenues from the taxes imposed under the authority of RCW 84.52.105 that are transferred from the 2002 Levy Very Low-Income Housing Subfund to any other subfund shall be used consistent with that statute. If authorized in an Administrative and Financial Plan ("A & F Plan") approved pursuant to Section 8 of this ordinance, or otherwise authorized by ordinance, the Director of the Office of Housing ("Housing Director") may cause money in the 2002 Levy Operating and Maintenance Subfund to be used for loans to finance low-income housing projects, to the extent that the Housing Director expects the amounts and timing of payments on such loans to prevent any insufficiency of money in that subfund resulting from such loans.

D. Pending expenditure for the purposes authorized in this ordinance, amounts deposited in each subfund may be invested in any investments permitted by applicable law. All investment earnings on the balances in each subfund shall accrue to such subfund. Amounts



COMPLETE TEXT OF Proposition No. 1 (Continued)

received by the City from payments with respect to loans, recovery of grants, insurance proceeds, or proceeds of sale or disposition of property ("program income"), to the extent that such amounts are attributable to money disbursed, advanced or committed from one of the subfunds described above, shall be deposited into that subfund unless otherwise specified by ordinance. Program income deposited in the 2002 Levy Very Low-Income Housing Subfund shall be used to finance affordable housing for very low-income households unless the City Council shall otherwise direct pursuant to an express finding that it is not needed for such purpose.

E. The Director of Finance is authorized to create other subfunds or accounts as may be needed or appropriate to implement the purposes of this ordinance.

Section 7. Administration; Use of Proceeds. The City Office of Housing and Human Services Department, or such other departments or offices as may be designated by ordinance, shall administer programs funded with the additional taxes authorized pursuant to this ordinance. Programs anticipated to be funded are described in the attached Financing Plan, which is incorporated herein by this reference. The programs described in the Financing Plan and any others adopted by the City Council for use of the funds derived under this ordinance shall be referred to as "Levy Programs." Levy Programs shall be implemented consistent with the Financing Plan, as it may be amended by ordinance, and with Administrative and Financial Plans, adopted by the City Council under Section 8 of this ordinance. Levy Programs shall also be implemented consistent with, and may be further limited by, applicable policies in the City's Comprehensive Plan, as it may be amended from time to time. The City Council, upon recommendation of the Oversight Committee described in Section 11 of this ordinance, or upon recommendation of the Mayor, or on its own motion, may establish the timing of the allocations to particular Levy Programs and make changes to the programs, including additions and deletions of programs and/or in the amount of funds allocated to any program, consistent with the basic purposes of this ordinance and applicable law.

Section 8. Administrative and Financial Plans.

A. Every two years, or at such other intervals as the City Council may specify, the Housing Director, or other department head as may be designated by the Mayor, shall prepare an Administrative and Financial Plan ("A & F Plan") covering all of the Levy Programs. Such Plans shall cover periods commencing in 2003 and continuing through 2009, and thereafter if so specified by the City Council.

B. Unless otherwise requested by the City Council, each A & F Plan shall include: criteria for evaluating and selecting projects; guidelines for loans or grants; requirements for project sponsors; progress and performance reports on ongoing projects and for each Levy Program; program reviews to ensure that levy funds are used for their stated purposes; and financial budgets for each Levy Program. An A & F Plan may include such other information as the Mayor or Housing Director may deem appropriate or the City Council may request.

C. The A & F Plan shall be submitted to the City Council for

adoption by ordinance, with such modifications as the City Council may require. No 2002 Levy funds may be committed until the first A & F Plan is adopted by ordinance by the City Council. For purposes of future updates of the A & F Plan, all criteria, guidelines, and requirements contained in a previously approved A & F Plan shall remain in effect pending approval by City Council of a new A & F Plan, unless otherwise provided by ordinance.

Section 9. Appropriations and Funding Approvals. The City Council shall appropriate from the 2002 Levy Very Low-Income Housing Subfund, the 2002 Levy Operating and Maintenance Subfund and the 2002 Levy Multipurpose Subfund, as part of the City budget or supplementally, such monies derived from the levies authorized in this ordinance as it deems necessary to carry out the Levy Programs. The Housing Director or other department head as may be designated by the Mayor or City Council, or the designee of such director, is hereby authorized, for and on behalf of the City, to select projects for funding and to approve, make, and modify loans, grants or other expenditures to carry out the Levy Programs, other than the Rental Assistance Program, as described in the attached Financing Plan and the A & F Plan, as they may be amended by ordinance, provided that such authority is subject to the appropriation of sufficient funds. The Director of the Human Services Department or other department head as may be designated by the Mayor or City Council, or the designee of such director, is hereby authorized, for and on behalf of the City, to select projects for funding and to approve, make, and modify loans, grants or other expenditures to carry out the Rental Assistance Program, as described in the attached Financing Plan and the A & F Plan, as they may be amended by ordinance, provided that such authority is subject to the appropriation of sufficient funds. Each such director and his or her designees are further authorized, for and on behalf of the City, to execute and deliver such documents and instruments as they may determine to be necessary or appropriate to implement the financing of specific projects or to otherwise carry out each Levy Program administered by such director.

Section 10. Bonds and Notes. To the extent permitted by applicable law the City may issue bonds, notes or other evidences of indebtedness payable wholly or in part from the proceeds of the additional taxes authorized under this ordinance, and apply such tax proceeds to the payment of principal of, interest on, and premium (if any) on such bonds, notes or other evidences of indebtedness and to the payment of costs associated with them.

Section 11. Oversight Committee. Conditioned upon voter approval of the ballot proposition submitted by this ordinance, there is established an Oversight Committee for the purpose of monitoring the progress of Levy Programs and reporting to the Mayor and City Council on the progress of Levy Programs. The Committee shall inform the Mayor and the City Council of Levy Program accomplishments and problems and make recommendations on the A & F Plans and on actions to be taken, including additions to or deletions of programs or amounts of funds allocated to the several programs, so that Levy Programs may be conducted in a timely and efficient manner. The Committee may elect officers and establish rules of procedure, including rules establishing what shall constitute a quorum. The Housing Director or such other department head as may be designated by the Mayor shall provide the Committee such information as is necessary for the Committee to determine the status of individual programs and projects. The Oversight Committee shall consist of thirteen (13) voting members, selected as follows: one (1) shall be a City employee appointed by the Mayor or his designee; one (1) shall be a City employee appointed by the City Council; the remainder shall be persons outside City government, of whom six (6) shall be appointed by the Mayor, and five (5) by the City Council. Members shall be subject to removal by the appointing authority for being

absent from two or more consecutive meetings without cause, or for other good cause. All members not appointed by the City Council shall be subject to confirmation by the City Council. Subject to applicable law, an individual serving as an officer, director or trustee of an entity that receives or competes for funding under this ordinance, or who has an interest in such an entity, shall not thereby be disqualified from serving on the Committee, but shall fully disclose any such relationships and shall not vote on any matter in which the interest of such entity is directly involved. Upon the resignation, retirement, death, incapacity or removal of a Committee member, the authority appointing such member may appoint a replacement for the balance of the term. Committee members shall serve without compensation. The City Council shall prescribe by ordinance or resolution the terms of office of Committee members, which may be staggered to provide continuity, and the initial committee members shall be selected within six months after voter approval of the proposition submitted by this ordinance. The City Council may prescribe such other rules relating to the operation of the Committee as shall be necessary or appropriate. The Oversight Committee shall continue in existence through 2009, and thereafter if so provided by Ordinance.

Section 12. Election - Ballot Title. The City Council hereby calls for a special election at which to submit this proposition to the voters, and requests that the Director of Records and Elections of King County, Washington, as ex officio Supervisor of Elections, find the existence of an emergency pursuant to RCW Chapter 29.13 and call and conduct a special election in the City in conjunction with the state primary election to be held on September 17, 2002, for the purpose of submitting to the qualified electors of the City the proposition set forth in this ordinance. The City Clerk is hereby authorized and directed to certify the ballot title to the King County Director of Records and Elections in the following form, with any revisions to the description of the proposition the City Attorney may provide:

THE CITY OF SEATTLE

PROPOSITION NUMBER 1

LOW-INCOME HOUSING LEVY

The City of Seattle's Proposition 1 concerns a low-income housing levy proposed by Ordinance 120823

This proposition would authorize property taxes for affordable housing programs for low-income households. It would lift the RCW 84.55 limit on regular property taxes, allowing \$86,000,000 in additional taxes over seven years, beginning in 2003 and limited to \$12,285,714 annually (approximately \$0.17/\$1,000 assessed value). This would include up to \$8,580,992 annually (approximately \$0.12/\$1,000 assessed value) under RCW 84.52.105 to finance housing for very low-income households. The 2003 total City regular tax limit would not exceed \$3.72/\$1,000 assessed value.

Should the levy of these taxes for housing be authorized?

Levy, Yes ☐
Levy, No ☐

Those in favor shall vote "Yes"; those opposed shall mark their ballots "No".

Section 13. Severability. If any one or more provisions of this ordinance shall for any reason be held invalid, such invalidity shall not affect any other provision of this ordinance or the levy of

additional taxes authorized hereby, but this ordinance shall be construed and enforced as if such invalid provisions had not been contained herein, except that if any provision shall be held invalid by reason of its extent or the range of persons eligible to benefit therefrom, then such provision shall be deemed to be in effect to the extent permitted by law and to benefit only such class of persons as may lawfully be granted the benefit thereof.

Section 14. Ratification. Any act pursuant to the authority granted in this ordinance and prior to the effective date hereof is hereby ratified and confirmed.

Section 15. Effectiveness. Those portions of this ordinance providing for the submission of a ballot proposition to the voters shall take effect and be in force immediately upon the approval of this ordinance by the Mayor or, if it is not approved and returned by the Mayor within ten (10) days after presentation, then on the eleventh (11th) day after its presentation to the Mayor or, if vetoed by the Mayor, then immediately after its passage over his veto. All provisions of this ordinance that have not taken effect on an earlier date shall take effect and be in force thirty (30) days from and after the Mayor's approval of this ordinance, but if this ordinance shall not be approved and returned by the Mayor within ten (10) days after presentation, such provisions shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 10th day of June 2002, and

signed by me in open session in authentication of its passage this 10th day of June, 2002.

Peter Steinbrueck
President of the City Council

Approved by me this 17th day of June, 2002.
Greg Nickels
Mayor

Filed by me this 17th day of June, 2002.
Judith E. Pippin
City Clerk

Exhibits: A: Affordable Housing Financing Plan
06/10/02
v.19
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AFFORDABLE HOUSING FINANCING PLAN
For The
2002 HOUSING LEVY

June 10, 2002

A. SUMMARY

LEVY AMOUNT: \$86 MILLION, SEVEN-YEAR PROPERTY TAX LEVY

* \$86 million levy will produce an estimated minimum of 1,700 housing units.

* The new Seattle Housing Levy would be a successor to the 1995 voter-approved \$59.211 million housing levy that expires in 2002.

* The City contribution of \$86 million will leverage other funds to produce affordable housing with a total development cost estimated to exceed \$260 million.



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LEVY BENEFICIARIES:

The levy is expected to provide benefits to low-income households, including:

- * People facing temporary economic crises who could avoid homelessness through rental assistance.
- * People moving from homelessness who need transitional and permanent supportive housing to achieve stability and independence.
- * People with disabilities who need housing and service support to live independently in the community; people currently living on disability income; people who are developmentally disabled or mentally ill.
- * People who are elderly, are on fixed incomes, and need affordable housing or assisted-living alternatives.
- * Working families with children who can't find affordable housing, such as sales clerks, fast food workers, nurses aides, grocery clerks, hotel housekeepers, and childcare workers.
- * Low-income families who need financial help buying a home.

LEVY FEATURES

- * Rental preservation and production is the primary focus, creating new and preserving existing affordable rental housing.
- * Increase in City homeownership funds will provide City leverage to combine with funding opportunities in the private and public sectors, to foster low-income homeownership.
- * Mixed-use and mixed-income housing development through the Neighborhood Housing Opportunity Program will provide stable living arrangements for low-income individuals and families while promoting economic development for the community. Levy funds may be used only for the portion of the project financing that is allocable to the units that will serve income-eligible households (i.e., very low- and low-income units).
- * Levy programs serve a mix of affordability levels. A large share of levy program funding will serve people with incomes at or below 30% of median income (\$18,700 as adjusted for a 2-person household).
- * Rental assistance is included in the levy for the first time to provide rental assistance to people facing temporary economic crises.

LEVY CHART

Chart 1 shows proposed levy programs. Estimated units produced by levy programs are provided. Income levels served by Levy Programs may be further limited by the City's Comprehensive Plan and Consolidated Plan.

Chart 1: Summary of Levy Funding Allocation and Estimated Production

Levy Program	Levy Allocation	Estimated Units to be Produced or Preserved and/or Households Served
Rental Housing Production and Preservation Program	\$56,110,000 (approx. 65.2% of total) · 59% for up to 30% of MI* (\$33.1m) · 31% for up to 50% of MI (\$17.4 m) · 10% for up to 60% of MI (\$5.6 m)	1,522
Neighborhood Housing Opportunity Program	\$7,214,000 (approx. 8.4% of total) · 25% for up to 30% of MI (\$1.8 m) · 75% for up to 80% of MI (\$5.4 m)	196
Homeownership Program	\$7,811,000 (approx. 9.1% of total) · 50% for up to 60% of MI (\$3.9 m) · 50% for up to 80% of MI (\$3.9 m)	326
Rental Assistance Program	\$2,842,000 (approx. 3.3% of total) · 100% for up to 50% of MI (\$2.8 m)	533
Operating & Maintenance Program	\$7,765,000 (approx. 9.0% of total) · 100% for up to 30% of MI (\$7.8m)	179
Administration (not a Program)	\$4,258,000	
TOTALS:	\$86,000,000	2,756

* "MI" means median income as published from time to time by the United States Department of Housing and Urban Development (or any successor agency), with adjustments for household size, for King County, Washington.

All dollar amounts assume that the maximum dollar amount proposed to be authorized will be levied and collected, but do not include any program earnings or interest earnings on levy funds. Investment earnings shall accrue to the subfunds established for the levy and shall be allocated to each Levy Program as follows: the first \$2 million in investment earnings shall be allocated to the Levy Operating and Maintenance Program, all remaining investment earnings shall be allocated to each Levy Program in the same proportions as the original proportions shown in Chart 1, unless otherwise modified by the City Council by ordinance, with the exception of the Operating and Maintenance Program, whose investment earnings on the Operating and Maintenance Program balances shall be allocated to the Operating and Maintenance Program for administration of that Program.

B. PURPOSE OF PLAN

The proposed 2002 Levy would use a combination of two statutes authorizing voter-approved property taxes: 1) the "lid-lift" statute, RCW 84.55.050, which allows a city to obtain voter approval to exceed

the “lid” on regular property taxes for any purposes, and also allows the ballot measure to specify a limited purpose; and 2) the very low-income housing levy statute, RCW 84.52.105, which allows a city, under specified conditions, to obtain voter approval for taxes outside of the \$3.60 per \$1,000 property tax rate limit, to be used solely to finance affordable housing for households with incomes at or below 50% of median income, as determined by the U.S. Department of Housing and Urban Development, with adjustments for household size, for the county. The proposal would allow up to \$60,066,944 to be raised under the provisions of this second statute. The remainder, which will be at least \$25,933,056 if the full \$86 million is levied, would be raised using only the “lid-lift” statute, and would not be limited by State law to serving very low-income households.

This Affordable Housing Financing Plan (the “Financing Plan”) describes how the revenue from the 2002 Levy will be used and how the levy programs will be implemented. In addition, insofar as it plans for use of the revenues to be raised under the authority of RCW 84.52.105, the very low-income housing levy law, this Financing Plan serves as the plan for expenditure of those revenues required by that law. This Financing Plan may be modified by the City Council by ordinance.

Implementation of the levy programs will also be governed by the terms of Administrative and Financial Plans to be approved by ordinance by the City Council, which may include changes to the specific terms of programs, dollar allocations or income levels served as described in this Financing Plan, and may add other programs, consistent with the terms of the ordinance adopting this Financing Plan and applicable law.

C. LEVY HOUSING PROGRAMS

Chart 1 above illustrates the programs, allocations and housing production goals for each program. Levy funds are expected to produce or preserve an estimated minimum of 1,700 housing units. If anticipated leverage does not occur, fewer units may be produced. The income levels served by Levy Programs may be further limited by the City’s Comprehensive Plan. Each program is described below. Each of the programs except the Rental Assistance and Homeownership programs may use revenues raised under the authority of RCW 84.52.105, the very low-income housing levy law. Revenues raised under RCW 84.52.105 must be used for households with incomes at or below 50% of median income. Higher eligibility limits may apply to revenues raised using only the general “lid lift” authority as described in Section B, above. Investment earnings shall accrue to the subfunds established for the levy and shall be allocated to each Levy Program as follows: the first \$2 million in investment earnings shall be allocated to the Levy Operating and Maintenance Program, all remaining investment earnings shall be allocated to each Levy Program in the same proportions as the original proportions shown in Chart 1, unless otherwise modified by the City Council by ordinance, with the exception of the Operating and Maintenance Program, whose investment earnings on the Operating and Maintenance Program balances shall be allocated to the Operating and Maintenance Program for administration of that Program. Balances and uses of the program funds, including interest earnings, shall be reviewed every two years and the City Council may approve reprogramming such funds to other Levy Programs.

1. Rental Housing Preservation and Production Program

* Rental production and preservation for very-low income households is the primary use of levy funds. Program funds can be used for acquisition, rehabilitation, preservation, new construction and other reasonable associated development costs of property to be used as

subsidized rental housing for low-income households, and for refinancing of low-income housing. Housing produced will include transitional housing. Subsidized rental housing shall be construed broadly to include limited equity cooperatives and mutual housing, as well as more traditional forms of rental developments.

* All sizes of units and types of households may be eligible for funding. Some of the levy funds may be earmarked for projects serving specific populations, such as families with children, elderly or persons with disabilities. Mixed use and mixed-income projects will be eligible for funding, with levy funds to be used only for the portion of the project financing that is allocable to the units that will serve income-eligible households.

* Eligible applicants include private nonprofit agencies, public development authorities, private for-profit owners, and public agencies including Seattle Housing Authority, except that levy funds for housing units developed as part of SHA HOPE VI redevelopments are not eligible unless the City Council approves such use through a Memorandum of Agreement or other agreement with SHA.

* The Levy Administrative and Financial Plans will specify loan terms, length of affordability, and other requirements. Loan terms may provide for forgiveness of principal and/or interest if the borrower complies with its commitment for the required period.

* In accordance with Council Resolution #30418, relating to the proposed Initiative 71, City funding commitments are expected to be provided for the development of at least 100 new transitional housing units and at least 100 permanent housing units for homeless within 4 years of passage of the levy.

* Eligibility Limits

* At least \$33.1 million (59%) of program funding shall be used for units serving people with incomes at or below 30% of median income.*

* Up to \$17.4 million (31%) of program funding may be used for units serving people with incomes at or below 50% of median income.

* Up to \$5.6 million (10%) of program funding may be used for units serving people with incomes at or below 60% of median income.

*All dollar figures assume that the maximum taxes authorized under the levy proposition will be collected, but do not include any interest earnings on levy funds.

2. Neighborhood Housing Opportunity Program

* The Neighborhood Housing Opportunity Program will also be an affordable rental housing production program, which will complement other citywide programs by focusing funds primarily on economically distressed communities (to be defined in the A & F Plan).

* Projects funded through this program may include mixed-use and mixed-income developments, provided that the mix of units in an individual project must include a range of very low- and low-income housing units; and that the Levy funds shall be used only for the portion of the project financing that is allocable to the units that will serve income-eligible households.

* Project selection will consider how the project serves neighborhood community development goals. Projects that include mixed uses, particularly those that include community-oriented uses, will receive favorable consideration. Objectives that will be weighed as part of



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funding decisions will include, but not be limited to, an assessment of how projects utilize innovative design and architecture, preserve historic buildings/landmarks, promote transit-oriented development or deal with blight and neglect.

* Eligible activities and applicants will generally be the same as for Rental Preservation and Production Program.

* Eligibility Limits

* At least \$1.8 million (25%) of program funding shall be used for units serving people with incomes at or below 30% of median income.

* Up to \$5.4 million (75%) of program funding may be used for units serving people with incomes at or below 80% of median income.

3. Operating and Maintenance Program

* The program purpose is to provide operating support, or contingent commitments of operating support necessary to secure adequate financing, for housing affordable to households with incomes at or below 30% of the median income. Funds will be used to fill the gap between eligible operating and enhanced property management costs and rental income. Eligible operating and enhanced property management costs will be described in the Levy Administration and Financial Plans, and will include, but not be limited to, project management, utilities, property taxes, operating and maintenance reserves, project staffing, and contract services related to project support.

* Operating and Maintenance Program funds can be used to provide project reserves or contingent financing commitments for projects that receive non-city funds such as Section 8 assistance, federal McKinney funds or other revenue sources.

* Eligible applicants include all types of nonprofit agencies, public agencies, with the exception of the Seattle Housing Authority, and public development authorities.

* The first \$2 million in investment earnings shall be allocated to the Levy Operating and Maintenance Program, all remaining investment earnings shall be allocated to each Levy Program as described in Section C.

* Eligibility Limits

* 100% of program funding shall be used for units serving people with incomes at or below 30% of median income.

4. Rental Assistance Program

* The program would provide the following types of assistance: short-term financial assistance to cover rental payments for persons facing temporary economic crises that create an urgent risk of losing their housing and emergency assistance to people who are homeless as they move to transitional or permanent housing.

* The program funds would be allocated in conjunction with counseling and other referral services.

* Eligibility Limit

* 100% of program funding shall be used for units serving people with incomes at or below 50% of median income.

5. Homeownership Assistance Program

* The homeownership assistance program will provide financial assistance to help first-time home buyers that are low-income households purchase homes, with preference given to City of Seattle residents or households with at least one person working within the City of Seattle. All types of units shall be eligible for purchase, including single-family residences, condominiums, limited-equity cooperatives, co-housing, land trusts and homes on leased land.

* Eligible uses of funds may include downpayment and closing cost assistance, and interest rate writedown. Financing of homeownership development costs and homebuyer counseling are not eligible uses of funds.

* Homeownership assistance funds shall be focused primarily on economically distressed communities (to be defined in the A & F Plan) and on those areas in the City with homeownership rates below the Citywide average.

* Downpayment assistance and interest rate writedowns shall be structured with repayment obligations with repayments used for subsequent loans to low-income homebuyers. Downpayment assistance offered through this program shall be provided through the mechanism of a revolving loan fund, which may be administered by the Office of Housing. In addition, assistance offered through this program shall include protections such as anti-windfall profit protection measures, including shared appreciation requirements; right-of-first refusal requirements; and other measures necessary to attempt to ensure that the units continue to be affordable for low-income households for the long term.

* Eligibility Limits

* At least \$3.9 million (50%) of program funding shall be used for units serving people with incomes at or below 60% of median income.

* Up to \$3.9 million (50%) of program funding may be used for units serving people with incomes at or below 80% of median income.

D. ADMINISTRATION AND OVERSIGHT

* Administration

Seattle Housing levy programs will be administered by the Seattle Office of Housing (Rental Production, Neighborhood Housing Opportunity, Homeownership, and Operating and Maintenance Programs) and the Seattle Human Services Department (Rental Assistance). Approximately \$4.3 million of levy proceeds, divided between OH and HSD in the same proportions as the levy programs, will be allocated to cover costs of City administration of the levy programs, with the exception of the operating and maintenance subsidy program, whose administrative funding would come from interest earnings on the Operating and Maintenance Program balances. The allowed administration for that program will be set in the Administrative and Financial Plan.

The Office of Housing will administer the funds for the Rental Production Program, Neighborhood Housing Opportunity Program and the Homeownership Program through competitive processes.

* Housing Levy Oversight Committee

A Housing Levy Oversight Committee made up of citizens representing various interests and perspectives will be formed to oversee levy implementation. Oversight Committee members would be appointed by the Mayor and the City Council. Specific duties shall include:

* Making recommendations to Mayor and City Council on program policies and guidelines;

* Informing the Mayor and the City Council of levy program accomplishments and problems and making recommendations on the Administrative and Financial Plans and on actions to be taken, including additions to or deletions of programs or amounts of funds allocated to the several programs, so that levy programs may be conducted in a timely and efficient manner;

* Monitoring and reporting to the Mayor and City Council on the progress of levy programs.

* Administrative and Financial Plans

A Levy Administrative and Financial Plan, which will provide further guidance for implementation of the levy, will be presented to the City Council no later than January 31, 2003 for approval by ordinance. Plans will be reviewed, updated, and approved by City Council every two years. Periodic review and amendment of program plans has proven to be necessary under the 1986 and 1995 Housing Levy. Reviewing plans every two years has been an appropriate interval. Biennial review will permit plans to remain current and responsive to changing housing needs and conditions.

2002 Income Guidelines Chart for Seattle

2002 income limits, adjusted for family size, based on median family income as published by the United States Department of Housing and Urban Development for the Seattle-Bellevue-Everett Metropolitan Statistical Area.

Percent of Median Income

Family Size	30%	50%	60%	80%	100%
1 Person	\$16,350	\$27,250	\$32,700	\$43,600	\$54,530
2 Persons	\$18,700	\$31,150	\$37,380	\$49,850	\$62,320
3 Persons	\$21,050	\$35,050	\$42,060	\$56,100	\$70,110
4 Persons	\$23,350	\$38,950	\$46,740	\$62,300	\$77,900
5 Persons	\$25,250	\$42,050	\$50,460	\$67,300	\$84,132
6 Persons	\$27,100	\$45,200	\$54,240	\$72,300	\$90,364
7 Persons	\$29,000	\$48,300	\$57,960	\$77,280	\$96,596
8 Persons	\$30,850	\$51,400	\$61,680	\$82,260	\$102,828

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Exhibit A

The following are the offices available to provide access to election and campaign finance information:

Election information, Voter registration, precinct and polling locations and Application for Absentee ballot.

KING COUNTY RECORDS & ELECTIONS

206-296-1565

Web: <http://www.metrokc.gov/elections>

Hearing Impaired voter Information: 206-296-0109

Campaign disclosure records, of all state and local candidate and ballot issue committees
Information about state office contribution limits

WASHINGTON PUBLIC DISCLOSURE COMMISSION

1-877-601-2828

Web: <http://www.pdc.wa.gov>

Mail-In voter registration forms
City of Seattle ballot issue and candidate campaign finance disclosure reports

SEATTLE CITY CLERK

104 Municipal Building

600 Fourth Avenue

Seattle, WA 98104

206-684-8344

WORKING FOR A CANDIDATE OR BALLOT ISSUE If you wish to become active in a political campaign, you can contact the committee listed with each ballot issue argument. *Note: Candidates for City office appear on the ballot in odd-numbered years.*

MAKING CAMPAIGN CONTRIBUTIONS Candidate and ballot issue committees need campaign contributions to give voters the necessary information to make informed choices. Therefore, another method of participating in the election process is to contribute to committees organized to promote candidates or to promote or oppose ballot issues. The following are City and State regulations that apply to campaign contributions for City candidate committees, and City ballot issue committees:

* Candidate and ballot issue committees may accept both in-kind and monetary contributions.

* No campaign may accept currency contributions of more than \$60. Contributions that total more than \$60 in the aggregate and are made by a single contributor must be made by written instrument.

* Seattle City Ballot issue committees may not accept contributions of more than \$5,000 during the last 21 days before the Primary Election or within the last 21 days before the General Election.

* The 2002 Elections cycle for issues appearing on the ballot in September or November ends on April 30, 2003. Committees are required to file a Final Report no later than May 10, 2003 for the period ending April 30, 2003.

For more information, contact

SEATTLE ETHICS AND ELECTIONS COMMISSION

700 Fifth Avenue, Suite 4010

Seattle, WA 98104-5051

206-684-8500 or 206-615-1248

email: ethicsandelections@seattle.gov or

polly.grow@ci.seattle.gov

Internet: <http://seattle.gov/elections>